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STATE OF WASHINGTON

SPECIAL MESSAGE

OF

GOV. M. E. HAY

TO THE

Extraordinary Session of the
Legislature of 1909

AND

REPORT AND FINDINGS

OF

The Legislative Investigating Committee of the State of Washington, Authorized by House Concurrent Resolution No. 16

(ADOPTED MARCH 11, 1909)

OLYMPIA, WASH.:
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1909.

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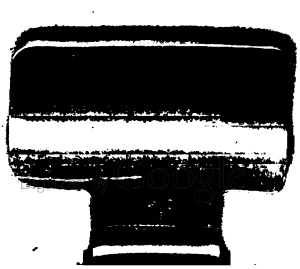

STATE OF WASHINGTON

11 Aug. 1909

SPECIAL MESSAGE

OF

GOV. M. E. HAY

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Extraordinary Session of the
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GOVERNOR'S MESSAGE.

Gentlemen of the Senate and House of Representatives of the State of Washington:

Since your adjournment on March 11th last, the State of Washington has sustained a severe loss in the death of Governor Samuel G. Cosgrove, who died at Paso Robles, California, Sunday morning, March 28th. Ill health after election gave Governor Cosgrove little opportunity to devote himself actively to the affairs of state, but we all know from the example he set as a citizen, the spotless record of his private life and his high ideals of the duties of an official as expressed in his public utterances, that, had he lived, he would have conducted his administration with an unselfish devotion to the general welfare, fearless in the performance of what he conceived to be right and courageous in the prosecution of wrong.

Fully aware of the confidence reposed in Governor Cosgrove by the people of Washington and the exceptional services they anticipated he would render to the state, it was with full appreciation of the grave responsibility thrust upon me by the provisions of our state constitution that I took the oath of office as Governor on March ~~28th.~~ 29

Just prior to the adjournment last March of the eleventh regular session of your honorable body you passed a resolution creating an investigating committee. This action was taken as a result of serious and alarming charges that had been made in open session upon the floor of the legislature, involving the integrity and official conduct of certain state officers. You clothed your committee with authority to "investigate the affairs, doings and conduct of such state officers and such departments of the state government as said committee shall deem proper" and provided that it should "report the result of such investigation to the Governor of this state on or before the 12th day of July, 1909."

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At a meeting held in Seattle on June 2nd, your committee made a verbal report to the Governor, informing him of the conditions it had found existing in some of our state offices and of the recommendations the written report would contain, also suggesting the advisability of calling your honorable body together for the purpose of considering and acting upon its report.

Knowing the conscientious manner in which the members of your committee have devoted themselves to the unpleasant but gravely important duty imposed upon them, convinced of the honesty of their purpose and believing them to be animated solely by a steadfast desire to ascertain the facts as they exist and report their findings without favor or prejudice, their recommendation weighed strongly with me. Added to this, the disclosures resulting from their investigation revealed the existence of conditions in certain public offices so inimical to the welfare of the state that I deemed an occasion had arisen that demanded the immediate attention of your honorable body. Accordingly I issued a proclamation on June 3rd calling upon you to convene in extraordinary session on this day to consider and act upon the report and recommendations of your committee, which I transmit herewith.

The findings of that committee bring to light conditions repugnant to the best interests of the state, conditions that cannot longer be tolerated. They contain a serious indictment against the present Insurance Commissioner of this state and the former Secretary of State. The evidence cited in these findings develops the fact that these officials were recreant to their duty, betrayed the trust placed in them and violated every consideration of honor and public obligation that should have regulated their conduct.

Because of these revelations, one of these officials has resigned his office and the evidence that has been gathered brands the other as unfit to continue in a position of responsibility. There is no denial of the moral obliquity on the part of the accused official—merely the specious plea that the letter of the law has not been violated. In the face of the evidence adduced and the admission of the charges made, one course only appears

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open to the legislature, which is the removal from office of the delinquent officer. There are two methods open to you by which this official may be removed:

1. By impeachment proceedings.
2. By abolishing the office.

The power of impeachment, which is solely vested in the House of Representatives, is an extremely grave and serious responsibility, not lightly to be exercised or heedlessly invoked. But, when an occasion necessitating such proceeding arises, it should be met with firmness, the interests of the individual should be submerged in the interests of the community and deaf ears turned to the sophistry of the corrupt. Such procedure has better application to a case where there are disputed questions of fact as to the guilt or innocence of the officer charged. The other method can be properly applied where the guilt is confessed as in this case.

I recommend that you pursue one or the other of the above methods as you see fit and deem most advantageous.

The fair name of the State of Washington depends upon your action, for, as ex-President Roosevelt so truthfully said, "the exposure of corruption is an honor to a nation, not a disgrace. The shame lies in toleration, not in correction. No city or state, much less the nation, can be injured by the enforcement of the law. * * * If we fail to do all that in us lies to stamp out corruption, we cannot escape our share of the responsibility for the guilt. The first requisite of successful self-government is unflinching enforcement of the law and the cutting out of corruption."

That old saying that "Public office is a public trust" is just as true now as when first uttered, and the official who betrays that trust is a greater menace to society than the highwayman or the murderer. A public official who is so lacking in principle, whose sense of public duty is so dulled that he sees no impropriety in levying a tax or assessment which is little short of blackmail upon those who are compelled to transact business with him officially, outrages every sense of right and morality.

In the case before you for consideration the course for your honorable body to pursue is as well defined as black

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from white. There is no complication to cloud the right or conceal the wrong. The facts are before you. They have been gathered by a committee of your own creating, a committee composed of those who favored and those who opposed this investigation, and the report of that committee is the unanimous verdict of its members. This case is one which in its gravity rises above the considerations of personal malice or party faction. The question of motive sinks to insignificance in the presence of the revelations resulting from this investigation. The integrity of the republican party, the honor of the state and the interests of the people are at stake. The responsibility of preserving the party, protecting the state and safeguarding the people rests with you. He who would counsel you to disregard the charges presented in the findings of your committee is not only an enemy to the republican party but false to his state and to his constituents.

This legislative body is almost unanimously republican in its composition, and in you is reposed the dual trust of protecting the interests of your constituents and the reputation of your party. The people who gave to you their suffrage will not only hold you individually to account for the course each of you pursue, but will also hold the republican party to account for the result of your collective action.

The republican party has been returned to power in this state with increasing majorities at each succeeding election because the people believed not only in the wisdom of its policies, but also because they had confidence in the ability and integrity of the men it nominated for office. The only manner in which the party can retain this confidence is to prove itself worthy of the great trust and responsibility of government by purging its ranks of unworthy, dishonest and corrupt officials. The republican party is greater than any individual that it elevates to a position of honor, and, when any such individual fails to measure up to the standard of efficiency and probity demanded by the people, the party cannot afford to countenance the continuance of his presence in its councils or in the place he has debauched. A man who secures an office through his affiliation with a party and then prostitutes that office to mere pecuniary

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profit deserves no more sympathy from the party which he has imposed upon than from the people whom he has betrayed.

By reason of the exposures made by your investigating committee, a widespread and insistant public demand has arisen for a thorough probing of all offices, departments and institutions of the state government against which the slightest breath of suspicion has been directed. In order that all wrong, if any further exists, may be exposed and corrected and that the honest officials may be freed from unjust suspicion, I recommend that your honorable body continue the present committee and make the necessary provisions for a thorough and searching examination into the administrative affairs of the state.

Opposition to further investigation can come only from those who have something in their official records which they desire to conceal. An honest official welcomes examination into the conduct of his affairs, as such examination can only reflect credit upon him. Absolutely no weight should attach to the argument of expense against the continuance of this committee. The people of this state will never begrudge one cent that is expended in ridding the public service of corruption. You can render no better service to the state than in providing for a continued and effective crusade against dishonesty and venality in office.

In conclusion, I trust your deliberations will be characterized by a spirit of fairness and be confined to the matters growing out of a consideration of the report of your committee.

M. E. Hay, *Governor.*

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REPORT

OF

INVESTIGATING COMMITTEE

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Report and Findings of the Legislative Investigating Committee of the State of Washington, Authorized by House Concurrent Resolution No. 16, (Adopted March 11, 1909) Concerning the Departments of Secretary of State and Insurance Commissioner of the State of Washington.

To HONORABLE M. E. HAY,
Governor of the State of Washington:

On March 11, 1909, the Legislature of the State of Washington adopted House concurrent resolution No. 16, authorizing the appointment of a legislative investigating committee. In accordance with this resolution, the president of the Senate and the speaker of the House appointed the following members to constitute the investigating committee, which appointments were duly confirmed by the Senate and the House, viz:

Senator Pliny L. Allen, of King county;
Senator H. O. Fishback, of Lewis county;
Representative J. C. Hubbell, of Kittitas county;
Representative Howard Taylor, of King county;
Representative W. C. McMaster, of King county.

On April 14, 1909, the committee so appointed convened in the capitol building at Olympia, Washington, all members of the committee being present, Senator Pliny L. Allen presiding as chairman. By virtue of the authority given the committee under the resolution, clerical and stenographic assistance was selected as follows, viz:

Mr. Stewart E. Smith, of Seattle, official clerk, $35 per week;

Mr. Chas. B. Eaton, of Seattle, official stenographer, $10.00 per day during attendance upon sessions of the committee, and an allowance of $2.50 per day for hotel bills and necessary traveling expenses between Seattle and Olympia, and 30 cents per folio for the original and six carbon copies of transcripts of proceedings.

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Messrs. LeMaster & Cannon, of Spokane, and C. M. Williams & Co., of Seattle, were designated as expert accountants in case their services were required by the committee and satisfactory arrangements could be made as to their compensation.

Assistant Attorney General George A. Lee, of Spokane, appeared as counsel for the committee.

The committee decided to investigate the insurance department of the State of Washington, and notified Mr. J. H. Schively, insurance commissioner, of such decision. During the investigation of said department Mr. Schively appeared before the committee at its sessions in person and by his counsel, Mr. George C. Israel. Subpœnas were issued for the attendance of witnesses before the committee, and thereafter from time to time testimony was taken relating to the conduct, management and affairs of the insurance department. Affidavit and correspondence from various persons and insurance companies were read and considered, and sixteen witnesses appeared and gave testimony.

During the investigation the committee found it necessary to interrogate Mr. Sam H. Nichols, secretary of state, who appeared in person and by his counsel, Mr. J. W. Robinson, of Olympia.

On May 12, 1909, after a thorough and exhaustive investigation of the insurance department, the taking of testimony was concluded. From the record and transcript of evidence, a copy of which is herewith transmitted and made a part of this report, the committee makes the following findings and conclusions concerning the insurance department of the State of Washington, and office of the secretary of state:

1.

That Sam H. Nichols was secretary of state of the State of Washington from 1901 to 1909; was re-elected for the term 1909 to 1913, and that during the period 1901 to 1909 he was ex-officio insurance commissioner of this state.

2.

That J. H. Schively was deputy insurance commissioner of the State of Washington from 1901 to 1909; that he became

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insurance commissioner of this state in 1909, having been elected for the term 1909 to 1913; that as deputy insurance commissioner he had the power to grant certificates of authority to insurance companies, or to revoke certificates, and had other general authority in the insurance department of the state.

3.

That Sam H. Nichols, ex-officio insurance commissioner, and J. H. Schively, as deputy insurance commissioner of the state, had the power and authority, under the law, to require in advance certain entrance fees from domestic and foreign insurance companies before issuing to such companies a certificate of authority to transact business in this state, which advance fees are as follows:

"For filing articles of incorporation, or certified copies of articles, or other certificates required by law, $25; issuing certificates of authority, $10; for filing annual statement of condition, $10; for filing each annual statement of business transacted in this state, $10; for filing any other paper, $1; for furnishing copies of papers filed, twenty cents per folio; for certifying copies, $1 each; each fire insurance agent, $2; each life insurance agent, $5: *Provided*, That all fees so collected shall be paid into the state treasury." (Pierce's Code, Secs. 5636 and 5649).

4.

That J. H. Schively, as deputy insurance commissioner of this state, almost invariably represented to insurance companies seeking admission to this state that the entrance fees were $235 for each company, payable in advance; that the usual representation made by Mr. Schively, as such deputy insurance commissioner, was as follows: "The entrance fees are $235, $35 statutory entrance fees and $200 for the verification and first report, all of which must be paid in advance"; that Mr. Schively, as deputy insurance commissioner, upon receiving this amount from the company seeking admission, issued a certificate of authority to transact business in this state; that a few companies were admitted on the payment of the $35 statutory fee, after having made strenuous objection to paying the $235 demanded; a few companies were admitted on the payment of advance fees of $135 each, but that the great majority of companies admitted during the past eight years were com-

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pelled to and did pay to Mr. Schively, as such deputy insurance commissioner, for admission to do business in this state, advance fees of $235 each; that in at least one case Mr. Schively demanded and received an entrance fee of $335; that an inspection of the books of the insurance department discloses that in no case did the State of Washington receive from Mr. Schively, or the insurance department, more than the statutory fee of $35 from any company admitted to do business in this state.

5.

That Mr. Schively, as deputy insurance commissioner, had no right or authority to demand and receive $200 from any company for "verification and first report"; that it was, under the law, his duty, for which the state paid him his salary, to satisfy himself that the insurance laws of this state had been fully complied with before admitting companies to transact business in this state; that when he had performed such duties and so satisfied himself, as the law required, he was authorized to demand and receive, on behalf of the State of Washington, an entrance fee of $35 and nothing more.

6.

That no authority is found in the law for the collection of any but a $35 entrance fee from any insurance company seeking a certificate to transact business in this state, and all fees collected by Mr. Schively, as deputy insurance commissioner, in excess of such statutory entrance fee of $35 were demanded and collected by him wrongfully and wholly without warrant of law.

7.

It is impossible for this committee to accurately determine the total amount of fees so collected wrongfully and wholly without warrant of law by J. H. Schively, as deputy insurance commissioner, during the eight years of his term as such deputy, but from the evidence received from about one-fourth of the insurance companies transacting business in this state the committee finds that such fees so collected will aggregate sev-

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eral thousand dollars, and that Sam H. Nichols and J. H. Schively have been the beneficiaries of such fees.

8.

That J. H. Schively testified that the extra fee of $200 not provided by statute was collected to insure the expenses which would be incurred in prospective and future examinations and to keep out what he designated as "wildcat insurance companies"; but the evidence before the committee shows that approximately five thousand dollars has been collected in the past five years from insurance companies which have never been examined, and Mr. Schively testified that no part of said sum so collected is now on hand, and that such sum or amount is carried in what Mr. Schively designated when before the committee as a "sliding account." In this connection the committee finds that Mr. Schively had ample protection under the law to insure his expenses incurred in the examination of any insurance company, and that it is and was unnecessary and wrongful to demand and receive an examination fee in advance; that the law provides as follows:

"SEC. 5622. *Expenses.* The expense of every examination or other investigation of the affairs of any organization, pursuant to the authority conferred by the provisions of this act, shall be borne and paid by the corporation so examined. No charge shall be made for any examination of an insurance organization except for necessary traveling and other actual expenses incurred."

"All charges for making an examination shall be presented in detail and shall be paid by the organization examined. Should payment be refused, the bill shall be approved by the commissioner, audited by the state auditor and paid on his warrant drawn in the usual manner on the state treasurer to the person making the examination. The commissioner shall revoke the certificate of authority granted the company that refuses to pay the bill for expenses of examination and shall not again grant it certificate of authority until it has paid to the state treasurer the amount of such bill." (Pierce's Code, Sec. 5622).

That under this law it is necessarily implied that examination fees cannot be collected in advance; that under the law the deputy insurance commissioner was amply and fully protected, and therefore exceeded his authority in exacting wrongfully and illegally examination fees in advance. The committee also finds that the law gave the insurance department ample powers

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to keep out any "wildcat" or irresponsible insurance company without exacting any advance fee.

9.

The committee further finds that the insurance laws of this state authorize the insurance commissioner, or his deputy, to examine the business and affairs of every insurance company doing business in this state; that the expense of such examination when made shall be paid by the company examined; that no charge shall be made by the insurance commissioner, or his deputy, for any examination except for necessary traveling and other actual expenses incurred, and that all charges for making an examination shall be presented in detail to the company examined (Pierce's Code, Sec. 5622); that J. H. Schively testified before the committee, under oath, that he was familiar with this law governing the expenses of examining insurance companies; that notwithstanding his knowledge of this law and its injunction that only actual expenses may be charged and collected, the evidence before the committee shows Mr. Schively at no time, nor in any examination made while deputy insurance commissioner, presented a detailed statement of expenses to the company examined; that such action on his part was a flagrant violation of this law, which law is too plain to admit of misinterpretation or misconstruction.

10.

That in the past eight years Sam H. Nichols, as ex-officio insurance commissioner, and J. H. Schively, as deputy insurance commissioner, have collected several thousand dollars to cover expenses of prospective examinations, which examinations have never been made; that such amount was divided equally between them; that no part of said sum now remains, nor has it ever been kept as a trust fund for the companies advancing it, and that such collections were wrongfully and illegally made.

11.

That the testimony before the committee, undisputed by Mr. Schively, shows, and the committee finds, that Sam H. Nichols and J. H. Schively invariably charged a flat rate for examin-

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ing an insurance company, which flat rate ranged from $10 to $200 for each company; that this flat rate was charged in direct contravention of the law, which authorizes the collection of nothing but actual expenses; that J. H. Schively testified that this flat rate was always placed high enough to cover expenses; that if there was any balance over expenses, as there undoubtedly was in most cases, such balance was divided equally with Sam H. Nichols, and his (Schively's) portion "was spent in any way that happened to occur to him"; that in several instances an examination charge of $200 was made for a perfunctory examination occupying but a few hours; that in the case of Washington Hardware and Implement Dealers Mutual Fire Insurance Company, of Spokane, the examination by Mr. Schively, as deputy insurance commissioner, occupied less than one hour, consisting merely in receiving an accountant's report of the affairs of the company, and $200 was demanded by Mr. Schively, no statement of expenses having been presented; on payment of that sum being refused, Mr. Schively accepted $100 for the examination; that Mr. Schively testified before the committee that if an itemized statement of expenses had been requested it would have been given; that such conduct on the part of Mr. Schively was arbitrary and illegal.

12.

That on September 28, 1905, Sam H. Nichols, as ex-officio insurance commissioner, and J. H. Schively, as deputy insurance commissioner, examined the affairs of the Masonic Mutual Accident Company, of Springfield, Massachusetts, as shown by affidavits of officers of the company furnished to the committee and attached to this record; that the total time spent by them in making such examination was less than one hour; that the examination was merely perfunctory and consisted of asking a few questions; that no statement of expenses was presented to the company as by law required; that Mr. Nichols and Mr. Schively demanded $200 for said examination, which amount the officers of the company deemed excessive and refused to pay; that the company offered to pay $50 for the brief examination; that Mr. Nichols and Mr. Schively threatened to revoke the license of the company to do business in this state if

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the two hundred-dollar charge was not paid; that three months later a request by said company to renew its license in this state was denied because of an indebtedness to the insurance department of $200; that such action on the part of Mr. Nichols, as ex-officio insurance commissioner, and Mr. Schively, as deputy insurance commissioner, was arbitrary, unwarranted and highly reprehensible, since they made no attempt to follow the law of this state and presented no statement of expenses incurred in making such examination; that this case shows that insurance companies were largely at the mercy of Mr. Nichols and Mr. Schively when arbitrary charges were demanded, and that the insuring public of the state, as well as the state itself, suffered by reason of such unwarranted conduct.

13.

That on August 17, 1906, J. H. Schively, as deputy insurance commissioner, received from the Pacific Live Stock Association, of Spokane, two checks, one for $100 and one for $200, supposedly to cover examination charges; that the records of said association show that J. H. Schively was elected president of the Pacific Live Stock Association on July 10, 1906, and qualified as such on August 4, 1906; that he continued to act as president of the association until October 3, 1906; that during his term of office as such president he received from the association in salary and commissions over $2,500; that during his connection with the association as president Mr. Schively was deputy insurance commissioner of the state, and received his regular salary as such deputy; that shortly after he resigned the presidency of said association, and on November 5, 1906, Mr. Schively, as deputy insurance commissioner, wrote the following letter to Mr. W. T. Melvin, of Everett, Washington:

"I think the Pacific Live Stock Association, with headquarters in the Fernwell Building, Spokane, is one of the most reliable and stable live stock associations in the state. I did not leave it because of any lack of confidence in its future, but because for personal reasons I thought it best to return to my desk in the insurance department. I received your letter while in Spokane and handed it to Mr. Walker. I think you will be safe in representing this association.

"Yours very truly,

"J. H. SCHIVELY,

"Deputy Insurance Commissioner."

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That in September, 1907, the Pacific Live Stock Association was found to be insolvent and placed in the hands of a receiver.

From the foregoing facts, it seems to this committee that Mr. Schively's conduct in holding the office of deputy insurance commissioner, and at the same time acting as president of the Pacific Live Stock Association, receiving salary and commissions as such president, and also receiving $300 while president as deputy insurance commissioner for official examinations as an officer of the State of Washington, was highly reprehensible, and shows him to be an unworthy official; that the foreging facts and other evidence before the committee indicate to the committee that any insurance company, regardless of its responsibility or financial condition and standing, which would pay excessive examination charges to the deputy insurance commissioner, J. H. Schively, could and did receive the greatest consideration and highest recommendation from him as such deputy insurance commissioner of this state.

14.

The committee further finds that in April, 1907, J. H. Schively, as deputy insurance commissioner, received from the Walla Walla Fire Insurance Company, of Walla Walla, Washington, $200 for examining the company, and again in July of the same year received $200 to cover an examination charge; that Mr. Schively did not present on either occasion to the officers of the company any statement of the expenses, and that the law was not complied with; that these charges made to the Walla Walla company seem to the committee to be unreasonable, arbitrary and excessive, and, following each other by such a short period of time, are difficult of explanation; that the company was later placed in the hands of a receiver; that this incident further confirms the conclusions of the committee expressed in the preceding paragraph of these findings, and is additional evidence of the reprehensible practices of J. H. Schively, as deputy insurance commissioner.

15.

The committee further finds that any sums collected from any insurance company to cover examination charges in excess of

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actual expenses incurred in the examination were collected wrongfully and without warrant of law; that it is impossible for this committee to accurately determine the amount of exvessive and illegal examination fees collected by J. H. Schively, as deputy insurance commissioner, from 1901 to 1908, since Mr. Schively testified that no statement of expenses was ever presented to an insurance company, nor was any record kept of such expenses, nor of the amount paid; that the total amount collected from insurance companies by J. H. Schively, as deputy insurance commissioner, in excess of actual expenses incurred in making the examinations, was unquestionably large; that several thousand dollars was collected by Mr. Schively for "official examination," which examinations have never been made; that the money so collected by Mr. Schively in his official capacity, received from insurance companies to cover future examinations, has, by Mr. Schively's own testimony, been spent and has not been kept as a trust fund of the companies advancing it; that the state has received no part of said sums; that such conduct on the part of J. H. Schively, as deputy insurance commissioner, was extremely wrongful and indicates to the committee that any company, whether responsible or irresponsible, could be admitted to the state to do business on payment to Mr. Schively of a $35.00 statutory fee and an additional $200 fee to cover a future examination or "verification and first report."

16.

The committe further finds that J. H. Schively, as deputy insurance commissioner, has for a long time past demanded of and received from insurance companies a fee of $2 for attaching to the annual published statement of the affairs of the company what Mr. Schively terms "the insurance commissioner's certificate of publication"; that the state has never received the fees so collected; that there is no authority in law for such arbitrary charge; that it is a source of income to the deputy insurance commissioner not contemplated by law, nor authorized either expressly or impliedly; that no record of the receipts from this source has been kept, and it is therefore impossible for the

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committee to accurately determine the total amount received from this unauthorized and illegal source of revenue.

17.

The committee further finds that the insurance laws of this state require the insurance commissioner, or his deputy, to make a detailed examination of all local or domestic insurance companies "at least once a year" (Pierce's Code, Sec. 5623); that if the condition of the company warrants it, its license may be revoked; that this law is a salutary one and is for the benefit and protection of the insuring public; that if the law were followed, it would be difficult, if not impossible, for fraudulent, irresponsible and insolvent companies to exist; that J. H. Schively, deputy insurance commissioner, has failed to perform his duties under this law; that such neglect and failure has permitted insolvent companies to flourish and exist for a time at the expense of the insuring public; that Mr. Schively testified before the committee that his failure to examine local companies as the law requires was due to inadequate office assistance; that this excuse seems to the committee to be weak and unsatisfactory; that Mr. Schively's failure to observe this law has cost the people of this state thousands of dollars, which money has been received by insolvent and now defunct companies whose licenses should have been revoked after a proper examination by the insurance department.

18.

The committee further finds that Sam H. Nichols, on the 28th day of April, 1909, gave testimony before the committee concerning the insurance department of the secretary of state's office; that before the next meeting of the committee, Sam H. Nichols resigned as secretary of state of the State of Washington; that his successor was thereafter appointed and has qualified; that after Mr. Nichols' resignation the committee did not further pursue the investigation as to him.

The foregoing findings are based upon the evidence introduced before the committee, a transcript of which is herewith

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submitted, and upon these findings the committee makes the following conclusions:

I.

That for the eight years ending January 10, 1909, Sam H. Nichols was ex-officio insurance commissioner of the State of Washington; and during said time J. H. Schively was deputy insurance commissioner, and as such deputy insurance commissioner was for all of said time practically in full control of the insurance department of this state; that he issued and revoked licenses, and conducted and managed the entire department; that his wrongful, arbitrary and unwarranted conduct, as set forth in the above findings, was not only highly reprehensible, but extremely injurious to the interests of the insuring public in this state; that his gross neglect of official duties has caused insolvent, irresponsible and fraudulent companies to flourish and prosper for a time; that his failure to perform the duties imposed upon him by the insurance laws shows him to be incompetent and inefficient, and has brought the insurance department of the State of Washington into great disrepute, both in this state and abroad; and that his practices in wrongfully collecting excessive fees and retaining them brands him as a corrupt and unworthy public official.

The committee further reports that in the investigation of the insurance department it has expended the following sums:

EXPENSES INCURRED BY COMMITTEE IN INVESTIGATING THE OFFICE OF INSURANCE COMMISSIONER.

Witness fees	$297 51	
Clerical services and stenographer	573 00	
Per diem and expense of members	692 36	
Miscellaneous expense	69 68	
		$1,632 55

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STATE TREASURER.

The legislative investigating committee authorized by House concurrent resolution No. 16 beg leave to report that at the close of business May 14th we examined the affairs of the office of the state treasurer in so far as they pertain to the administration of the Hon. J. G. Lewis, who took charge of the office on the 13th day of January, 1909, with the following results:

1st. See schedule "A" for detail.

Cash received from G. G. Mills, January 13	$678,812 93
Cash collected since January 13	2,661,881 76
Cash paid out since January 13	1,648,336 07
Balance on hand at close of business May 14	1,692,365 62

2d. See schedule "B" for detail.

Bonds received from G. G. Mills January 13	5,673,290 00
Bonds purchased since January 13	385,700 00
Bonds redeemed since January 13	17,200 00
Amount of bonds on hand May 14	6,041,790 00

3d. See schedule "C" for detail.

Tide Land notes belonging to Tide Land Fund, received from G. G. Mills, January 13	14,811 41
Tide Land notes redeemed since January 13	300 87
Tide Land notes on hand May 14	14,510 54

4th. See schedule "D" for detail.

Cash on hand	99 90
Checks and drafts for deposit	8,357 69
Deposits in banks	1,683,908 03
	$1,692,365 62

5th. See schedule "E" for detail.

Deposits secured by Surety Bonds, United States Bonds and State Warrrants in hands of State Treasurer.

We feel that we would not be doing our duty did we not call your attention to the fact that so far as we have been able to learn there is not now, nor has there ever been, any ledger ac-

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count kept, either in the office of the treasurer or auditor, of the bonds or other securities showing what amount of securities should be in the hands of the treasurer belonging to the several school or other special funds. In justice to the state treasurer, we will say that he seems to realize the necessity for such a set of books or accounts, but informs us that he deemed it advisable to await the action of the accountancy board provided for by the last legislature, rather than inaugurate any new system for so short a time.

We have carefully checked all securities purchased for the Permanent General School Fund, Permanent Normal School Fund, Permanent State University Fund, Permanent Agricultural College Fund, Permanent Scientific School Fund, and Permanent Charitable, Educational, Penal and Reformatory Institutions Fund. We have also checked all securities belonging to these several funds which were paid from time to time. The securities as noted in schedule "F" is a correct list of what should be, and which we find are, in the hands of the state treasurer.

The labor of preparing this schedule was very considerable, as it necessitated a very careful checking from data in the offices of both the state treasurer and the state auditor since the year 1891, at which time the first securities were purchased.

We believe the result attained in knowing that the state has all the securities belonging to the several permanent funds in the hands of its treasurer is well worth the time and money expended.

We recommend that proceedings be instituted immediately to cancel all tide land contracts which are represented by tide land notes in the hands of the treasurer, all of which notes are long past due. We believe the title to these lands should be vested in fee simple in the state, so that the state may be able to sell or lease them the same as other state tide lands.

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SCHEDULE "A".

Fund.	Cash rec'd from G. G. Mills Jan. 13th.	Cash collected Jan. 13th to May 14th.	Cash paid out on warrants Jan. 13th to May 14th.	Balance on hand at close of business May 14th.
General	$194,506 39	$1,202,822 09	$839,332 28	$557,996 20
Military	18,378 01	85,972 91	95,744 35	8,606 57
Public highway	12,354 26	210,570 46	30,119 48	192,805 24
Current school	47,604 09	287,162 74	142,793 07	191,973 76
Permanent school	322,162 53	687,186 52	336,800 00	672,549 05
University, current	2,667 57	9,778 69	5,078 15	7,368 11
University, permanent	2,178 71	1,376 68	3,500 00	55 39
U. S. Soldiers' home	8,801 10	8,877 42	6,571 66	11,196 86
Capitol building	5,769 31	6,031 72	12,860 17o-d	1,059 14
Scientific School, perm't.	4,928 88	23,275 55	23,400 00	4,804 43
Agricul'l Coll., current	424 97	4,787 37	.....	5,212 34
Agricul'l Coll., perm't	3,953 18	7,091 03	10,900 00	144 21
C., E., P. & R. I., current	999 65	9,659 96	6,110 03	4,549 58
C., E., P. & R. I., perm't.	909 23	5,154 02	2,350 00	3,713 25
Normal schools, current.	307 20	11,391 49	2,679 44	9,019 25
Normal schools, perm't.	2,474 91	8,079 75	8,750 00	1,804 66
A.-Y.-P. exposition	33,553 99	49,665 67	78,948 39	4,271 27
Governor's residence	4,637 25	.....	4,637 25	.....
Capitol improvement	107 03	.....	103 20	3 83
Deposit interest	14,197 33	3,305 56	14,197 33	3,305 56
	$681,005 59			
Scientific School cur.,o-d	2,192 66	12,238 92	.....	10,046 26
Capitol interest	.....	24,369 87	23,209 87	1,160 00
A.-Y.-P. interest	.....	3,090 34	251 40	2,838 94
				$1,693,424 76
Less o-d capitol building	.....	.....	.....	1,059 14
Totals	$678,812 93	$2,661,888 76	$1,648,336 07	$1,692,365 62

SCHEDULE "B".

Bonds in hands of State Treasurer belonging to permanent funds.

Fund.	Rec'd from G. G. Mills Jan. 13th.	Purchased since Jan. 13th.	Redeemed since Jan. 13th.	Amount on hand May 14th.
Permant school	$5,143,890 00	$336,800 00	$17,200 00	$5,463,490 00
Agricultural College	120,600 00	10,900 00	.....	131,500 00
University	51,600 00	3,500 00	.....	55,100 00
Normal schools	64,750 00	8,750 00	.....	73,500 00
C., E., P. & R. Inst.	178,000 00	2,350 00	.....	180,350 00
Scientific School	114,450 00	23,400 00	.....	137,850 00
Totals	$5,673,290 00	$385,700 00	$17,200 00	$6,041,790 00

SCHEDULE "C".

	Rec'd from G. G. Mills Jan. 13th.	Redeemed since Jan. 13th.	Amount on hand May 14th.
Tide land notes	$14,811 41	$300 87	$14,510 54

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SCHEDULE "D"

Cash on hand and in banks at close of business May 14th, 1909:

Balance Capital National Bank, Olympia	$646,908 03
" Hayes & Hayes, Bankers, Aberdeen	75,000 00
" First National Bank, Bellingham	100,000 00
" U. S. National Bank, Centralia	10,000 00
" First National Bank, Everett	25,000 00
" Bank of Commerce, Everett	25,000 00
" Washington National Bank, Ellensburg	10,000 00
" Olympia National Bank, Olympia	12,000 00
" Willapa Harbor State Bank, Raymond	5,000 00
" Old National Bank, Spokane	50,000 00
" Spokane & Eastern Trust, Spokane	25,000 00
" Exchange National Bank, Spokane	50,000 00
" National Bank of Commerce, Seattle	150,000 00
" Dexter Horton & Co., Seattle	100,000 00
" Union Savings & Trust Co., Seattle	15,000 00
" Seattle National Bank, Seattle	50,000 00
" Pacific National Bank, Tacoma	60,000 00
" Scandinavian-American Bank, Tacoma	75,000 00
" National Bank of Commerce, Tacoma	75,000 00
" Bankers Trust Company, Tacoma	50,000 00
" Vancouver National Bank, Vancouver	25,000 00
" Bayer-Boyer National Bank, Walla Walla	50,000 00
Cash on hand	99 90
Checks and drafts for deposit	8,357 69
Total	$1,692,365 62

SCHEDULE "E"

Deposits secured by surety bonds, U. S. bonds and state warrants in the hands of the State Treasurer:

Capital National Bank, Olympia, Surety Bonds	$255,000 00	
Capital National Bank, Olympia, State Warrants	340,942 21	
		$595,942 21
Hayes & Hayes, Bankers, Aberdeen, Surety Bond		75,000 00
First National Bank, Bellingham, Surety Bond		125,000 00
U. S. National Bank, Centralia, Surety Bond		10,000 00
First National Bank, Everett, Surety Bond		25,000 00
Bank of Commerce, Everett, Surety Bond		25,000 00
Washington National Bank, Ellensburg, Surety Bond		10,000 00
Olympia National Bank, Olympia, Surety Bond		12,000 00
Willapa Harbor State Bank, Raymond, Surety Bond		5,000 00
Old National Bank, Spokane, Surety Bond		50,000 00
Spokane & Eastern Trust Co., Spokane, Surety Bond		25,000 00
Exchange National Bank, Spokane, Surety Bond		50,000 00
National Bank of Commerce, Seattle, Surety Bond	$100,000 00	
National Bank of Commerce, Seattle, State Capitol Warrants	50,000 00	
		150,000 00
Union Savings & Trust Co., Seattle, Surety Bond		15,000 00
Dexter Horton & Co., Seattle, Surety Bond		100,000 00
Seattle National Bank, Seattle, Surety Bond		50,000 00
Pacific National Bank, Tacoma, Surety Bond	$10,000 00	
Pacific National Bank, Tacoma, U. S. Bonds	50,000 00	
		60,000 00
Scandinavian-American Bank, Tacoma, Surety Bond	$25,000 00	
Scandinavian-American Bank, Tacoma, State Warrants	50,000 00	
		75,000 00

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National Bank of Commerce, Tacoma, Surety Bond.....	75,000 00
Bankers Trust Company, Tacoma, Surety Bond.....	50,000 00
Vancouver National Bank, Vancouver, Surety Bond.....	25,000 00
Baker-Boyer National Bank, Walla Walla, Surety Bond.....	50,000 00
Total	$1,657,942 21

SCHEDULE "F"

List of securities in hands of the State Treasurer belonging to Permanent School Fund at close of business, May 14th, 1909:

War. No.	*Kind of Bonds.*	*District No.*	*Par Value.*	
1812	Adams County School.....	1	$20,000 00	
1830	Adams County School.....	5	800 00	
2086	Adams County School.....	15	30,000 00	
1522	Adams County School.....	17	1,000 00	
1778	Adams County School.....	35	1,000 00	
1811	Adams County School.....	37	5,000 00	
1483	Adams County School.....	59	800 00	
1757	Adams County School.....	61	800 00	
1815	Adams County School.....	74	800 00	
1717	Adams County School.....	77	600 00	
1761	Adams County School.....	78	500 00	
1876	Adams County School.....	80	800 00	
				$62,100 00
1884	Asotin County School.....	1	1,000 00	
1651	Asotin County School.....	7	4,000 00	
2028	Asotin County School.....	7	4,400 00	
2054	Asotin County School.....	7	20,000 00	
1819	Asotin County School.....	25	14,500 00	
2019	Asotin County School.....	25	8,000 00	
				51,900 00
2018	Benton County School.....	6	4,000 00	
2033	Benton County School.....	16	12,000 00	
				16,000 00
2102	Cashmere, Town of.....			10,000 00
1872	Charleston, Town of.....			2,500 00
1484	Chehalis County School.....	4	8,000 00	
2000	Chehalis County School.....	4	5,000 00	
1480	Chehalis County School.....	5	8,000 00	
1980	Chehalis County School.....	5	11,000 00	
2031	Chehalis County School.....	5	20,000 00	
2068	Chehalis County School.....	28	40,000 00	
				92,000 00
1481	Chelan County School.....	1	4,000 00	
1657	Chelan County School.....	1	6,000 00	
1885	Chelan County School.....	1	10,000 00	
2027	Chelan County School.....	2	9,500 00	
1875	Chelan County School.....	4	1,600 00	
2071	Chelan County School.....	4	8,000 00	
1610	Chelan County School.....	5	4,400 00	
1939	Chelan County School.....	5	2,950 00	
1318	Chelan County School.....	15	400 00	
1998	Chelan County School.....	21	1,200 00	
2003	Chelan County School.....	23	700 00	
1359	Chelan County School.....	29	500 00	
1667	Chelan County School.....	31	1,500 00	
2051	Chelan County School.....	31	600 00	
1938	Chelan County School.....	39	600 00	
2042	Chelan County School.....	46	12,000 00	
2118	Chelan County School.....	46	80,000 00	
				143,950 00

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War. No.	Kind of Bonds.	District No.		Par Value.	
1603	Chelan, Town of				5,000 00
234	Clarke County School	51	.....	800 00	
1663	Clarke County School	6	.....	12,000 00	
					12,800 00
2074	Clarkston, Town of				4,000 00
1810	Columbia County School	2			41,000 00
1879	Columbia, Town of				3,900 00
1992	Colville, Town of				12,000 00
1652	Cowlitz County School	4	.....	700 00	
271	Cowlitz County School	10	.....	6,000 00	
1808	Cowlitz County School	18	.....	10,000 00	
1718	Cowlitz County School	28	.....	1,500 00	
1602	Cowlitz County School	39	.....	500 00	
1666	Cowlitz County School	61	.....	500 00	
1609	Cowlitz County School	65	.....	350 00	
1710	Cowlitz County School	67	.....	1,000 00	
					20,550 00
1765	Douglas County			25,000 00	
1762	Douglas County School	6	.....	1,000 00	
1981	Douglas County School	39	.....	1,000 00	
2089	Douglas County School	57	.....	8,000 00	
1768	Douglas County School	65	.....	800 00	
1665	Douglas County School	75	.....	1,000 00	
1760	Douglas County School	76	.....	1,000 00	
1877	Douglas County School	77	.....	850 00	
1713	Douglas County School	82	.....	500 00	
1767	Douglas County School	88	.....	700 00	
1767	Douglas County School	96	.....	900 00	
1768	Douglas County School	98	.....	700 00	
1881	Douglas County School	99	.....	1,200 00	
1818	Douglas County School	101	.....	600 00	
1930	Douglas County School	105	.....	1,400 00	
2030	Douglas County School	105	.....	1,150 00	
1871	Douglas County School	106	.....	700 00	
1936	Douglas County School	108	.....	550 00	
1997	Douglas County School	118	.....	1,000 00	
					48,050 00
2022	Franklin County School	14	.....	1,000 00	
1933	Franklin County School	16	.....	600 00	
1880	Franklin County School	21	.....	600 00	
1832	Franklin County School	22	.....	800 00	
					3,000 00
2016	Garfield County School	15	.....	2,100 00	
1994	Garfield County School	26	.....	800 00	
					2,900 00
1828	Harrington, Town of				9,000 00
81	Island County				2,000 00
4	Jefferson County			35,000 00	
160	Jefferson County			1,000 00	
					36,000 00
1654	King County School	18	.....	15,000 00	
1987	King County School	23	.....	1,200 00	
2090	King County School	30	.....	5,000 00	
1659	King County School	34	.....	800 00	
1833	King County School	39	.....	1,800 00	
2109	King County School	46	.....	11,000 00	
2053	King County School	50	.....	70,000 00	
312	King County School	54	.....	1,000 00	
1670	King County School	71	.....	12,000 00	

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War. No.	Kind of Bonds.	District No.		Par Value.	
2094	King County School	86	.....	5,000 00	
2036	King County School	124	.....	1,000 00	
1831	King County School	134	.....	400 00	
1820	King County School	143	.....	20,000 00	
2005	King County School	145	.....	7,500 00	
2117	King County School	153	.....	20,000 00	
1984	King County School	154	.....	18,000 00	
2035	King County School	155	.....	1,000 00	
					190,700 00
2084	Kitsap County School	6	.....	5,000 00	
2014	Kitsap County School	8	.....	2,150 00	
2038	Kitsap County School	13	.....	500 00	
2045	Kitsap County School	21	.....	300 00	
2034	Kitsap County School	33	.....	2,000 00	
2032	Kitsap County School	47	.....	400 00	
2120	Kitsap County School	54	.....	4,000 00	
					14,350 00
1669	Kittitas County School	25	.....		8,000 00
1769	Klickitat County School	16	.....	900 00	
1763	Klickitat County School	19	.....	1,800 00	
1807	Klickitat County School	38	.....	300 00	
1817	Klickitat County School	40	.....	500 00	
2108	Klickitat County School	66	.....	4,500 00	
2082	Klickitat County School	85	.....	3,500 00	
					11,500 00
2121	Mabton, Town of				12,800 00
2085	Mason County School	1	.....	17,000 00	
2092	Mason County School	1	.....	3,000 00	
					20,000 00
197	Lewis County School	3	.....		15,000 00
2049	Lincoln County School	6	.....	25,000 00	
1814	Lincoln County School	10	.....	7,000 00	
1821	Lincoln County School	19	.....	1,500 00	
1991	Lincoln County School	31	.....	8,000 00	
2026	Lincoln County School	31	.....	7,000 00	
1985	Lincoln County School	72	.....	9,000 00	
2002	Lincoln County School	79	.....	800 00	
1986	Lincoln County School	84	.....	5,000 00	
1821	Lincoln County School	96	.....	3,000 00	
					66,300 00
1764	Odessa, Town of				11,000 00
1940	Okanogan County School	11	.....	400 00	
2041	Okanogan County School	17	.....	1,900 00	
2088	Okanogan County School	19	.....	4,100 00	
963	Okanogan County School	39	.....	500 00	
2013	Okanogan County School	43	.....	2,000 00	
					8,900 00
2025	Olympia, City of				200,000 00
2052	Pacific County School	5	.....		7,000 00
2029	Pierce County			78,000 00	
2047	Pierce County School	3	.....	17,000 00	
2104	Pierce County School	18	.....	8,000 00	
2111	Pierce County School	88	.....	10,000 00	
2087	Pierce County School	302	.....	7,000 00	
					120,000 00
1608	Pomeroy, City of				19,000 00
2023	Puyallup, City of				33,000 00
2122	Quincy, City of				8,000 00

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War. No.	Kind of Bonds.	District No.	Par Value.	
2044	San Juan County		6,000 00	
1565	San Juan County School	2	640 00	
1613	San Juan County School	5	2,700 00	
2015	San Juan County School	7	600 00	
1485	San Juan County School	17	2,000 00	
1662	San Juan County School	26	250 00	
918	San Juan County School	27	100 00	
				12,290 00
1661	Seattle Light & Power, series "A"		400,000 00	
2138	Seattle Light & Power, series "B"		190,000 00	
2067	Seattle Light & Power, series "C"		200,000 00	
2073	Seattle Light & Power, series "D"		140,000 00	
2075	Seattle Light & Power, series "E"		60,000 00	
2080	Seattle Light & Power, series "F"		200,000 00	
2063	Seattle Park		100,000 00	
2066	Seattle Park		100,000 00	
				1,390,000 00
1813	Skagit County		100,000 00	
2116	Skagit County School	3	20,000 00	
2059	Skagit County School	18	20,000 00	
1891	Skagit County School	47	2,500 00	
1887	Skagit County School	74	800 00	
				143,300 00
2046	Skamania County School	2	1,000 00	
1934	Skamania County School	3	2,000 00	
2083	Skamania County School	8	3,000 00	
1878	Skamania County School	12	400 00	
2024	Skamania County School	17	1,000 00	
				7,400 00
84	Snohomish County		37,000 00	
196	Snohomish County		35,000 00	
1995	Snohomish County		53,000 00	
2050	Snohomish County School	24	150,000 00	
2055	Snohomish County School	24	25,000 00	
2056	Snohomish County School	24	25,000 00	
2064	and 2065 Snohomish Co. School	24	50,000 00	
2098	Snohomish County School	24	40,000 00	
2099	Snohomish County School	24	30,000 00	
2100	Snohomish County School	24	30,000 00	
2112	Snohomish County School	24	10,000 00	
2113	Snohomish County School	24	10,000 00	
2114	Snohomish County School	24	5,000 00	
2119	Snohomish County School	24	25,000 00	
1996	Snohomish County School	71	1,000 00	
2070	Snohomish County School	89	15,000 00	
2101	Snohomish County School	98	10,000 00	
2103	Snohomish County School	100	10,800 00	
				561,800 00
1316	Spokane County School	34	9,000 00	
1889	Spokane County School	44	1,500 00	
1822	Spokane County School	90	8,000 00	
2093	Spokane County School	118	10,000 00	
				28,500 00
1401	State Bonds, No. 246 to 249 inclusive (5,000)		20,000 00	
1405	State Bonds, No. 250 to 261 inclusive		60,000 00	
1527	State Bonds, No. 262 to 276 inclusive		75,000 00	
1666	State Bonds, No. 277 to 286 inclusive		50,000 00	
1716	State Bonds, No. 287 to 325 inclusive		195,000 00	
1935	State Bonds, No. 326 to 342 inclusive		85,000 00	

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War. No.	Kind of Bonds.	District No.	Par Value.	
1999	State Bonds, No. 343 to 382 inclusive		200,000 00	
2011	State Bonds, No. 383 to 400 inclusive		90,000 00	
2020	State Bonds, No. 401 to 415 inclusive		75,000 00	
2069	State Bonds, No. 416 to 445 inclusive		150,000 00	
2072	State Bonds, No. 446 to 485 inclusive		200,000 00	
				1,200,000 00
233	Stevens County		20,000 00	
1942	Stevens County School	103	500 00	
2021	Stevens County School	106	500 00	
2017	Stevens County School	123	350 00	
				21,350 00
2105	Stevenson, Town of			5,000 00
1834	Thurston County, series "A"		7,000 00	
1834	Thurston County, series "B"		10,000 00	
1834	Thurston County, refunding		16,000 00	
1399	Thurston County School	3	1,500 00	
2039	Thurston County School	20	300 00	
2012	Thurston County School	28	300 00	
2048	Thurston County School	41	3,000 00	
2091	Thurston County School	41	2,900 00	
2081	Thurston County School	44	7,000 00	
1525	Thurston County School	52	100 00	
1770	Thurston County School	67	400 00	
				48,500 00
2043	Waitsburg, Town of			11,000 00
2115	Walla Walla County School	1	167,000 00	
1823	Walla Walla County School	5	10,000 00	
				177,000 00
2107	Wenatchee, City of		55,000 00	
1890	Wenatchee, Town of		16,000 00	
				71,000 00
1604	Whatcom County School	4	35,000 00	
1708	Whatcom County School	9	400 00	
1824	Whatcom County School	12	300 00	
1827	Whatcom County School	14	600 00	
1611	Whatcom County School	16	1,000 00	
1714	Whatcom County School	17	4,000 00	
1607	Whatcom County School	19	2,000 00	
2057	Whatcom County School	27	1,500 00	
1973	Whatcom County School	28	3,500 00	
2040	Whatcom County School	33	1,000 00	
1712	Whatcom County School	35	1,200 00	
1941	Whatcom County School	41	600 00	
1523	Whatcom County School	49	200 00	
1403	Whatcom County School	53	400 00	
1873	Whatcom County School	64	350 00	
1888	Whatcom County School	69	1,500 00	
1712	Whatcom County School	75	500 00	
2076	2077-8-9, Whatcom Co. School	81	70,000 00	
2007	Whatcom County School	86	1,000 00	
2058	Whatcom County School	90	400 00	
				125,450 00
2096	Whitman County School	24	20,000 00	
1826	Whitman County School	36	10,000 00	
1825	Whitman County School	47	3,500 00	
2106	Whitman County School	50	7,000 00	
2037	Whitman County School	153	4,000 00	
				44,500 00

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War. No.	Kind of Bonds.	District No.	Par Value.	
123	Yakima County		18,000 00	
1990	Yakima County School	6	1,200 00	
1653	Yakima County School	7	22,000 00	
1979	Yakima County School	7	25,000 00	
2060	Yakima County School	7	50,000 00	
2061	Yakima County School	7	50,000 00	
2062	Yakima County School	7	50,000 00	
1612	Yakima County School	8	1,200 00	
1816	Yakima County School	9	1,200 00	
1982	Yakima County School	16	8,000 00	
198	Yakima County School	17	3,900 00	
1929	Yakima County School	21	1,000 00	
1874	Yakima County School	25	2,000 00	
1356	Yakima County School	31	600 00	
1931	Yakima County School	31	3,500 00	
1988	Yakima County School	32	3,000 00	
1989	Yakima County School	34	2,500 00	
1275	Yakima County School	35	1,000 00	
1886	Yakima County School	36	4,200 00	
1404	Yakima County School	37	1,000 00	
1937	Yakima County School	43	1,500 00	
2097	Yakima County School	49	23,000 00	
1362	Yakima County School	56	1,500 00	
2001	Yakima County School	57	1,800 00	
2009	Yakima County School	59	2,000 00	
1605	Yakima County School	62	1,000 00	
1882	Yakima County School	64	1,000 00	
1892	Yakima County School	65	500 00	
1759	Yakima County School	71	1,400 00	
1882	Yakima County School	74	1,000 00	
1998	Yakima County School	77	700 00	
2110	Yakima County School	80	4,500 00	
2095	Yakima County School	83	3,000 00	
				292,200 00
	Total			$5,463,490 00

List of securities in hands of the State Treasurer belonging to State Normal Schools Permanent fund at close of business May 14th, 1909:

	District No.	No. of Bonds.			
Benton County School	1	5 @ $1,000 00		$5,000 00	
Benton County School	1	1		400 00	$5,400 00
Chelan County School	15	3	300 00	900 00	
Chelan County School	15	1		400 00	
Chelan County School	17	2	550 00	1,100 00	
Chelan County School	31	2	250 00	500 00	2,900 00
Douglas County School	44	3	500 00	1,500 00	
Douglas County School	44	1		200 00	
Douglas County School	147	4	250 00	1,000 00	
Douglas County School	155	3	500 00	1,500 00	4,200 00
Franklin County School	27	3	200 00	600 00	
Franklin County School	27	1	150 00	150 00	750 00

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	District No.	No. of Bonds.			
King County School.....	1	30	@ $1,000 00	$30,000 00	
King County School.....	40	5	300 00	1,500 00	
King County School.....	84	5	200 00	1,000 00	
King County School.....	102	2	550 00	1,100 00	$33,600 00
Klickitat County School.....	86	5	1,000 00		5,000 00
Lincoln County School.....	146	6	100 00	600 00	
Lincoln County School.....	146	1		150 00	750 00
Pierce County School.....	33	6	500 00	3,000 00	
Pierce County School.....	61	10	100 00	1,000 00	4,000 00
Skamania County School.....	20	2	500 00		1,000 00
Stevens County School.....	139	4	200 00		800 00
Thurston County School.....	72	3	500 00		1,500 00
Walla Walla County School...	8	3	500 00		1,500 00
Whatcom County School.....	39	5	200 00	1,000 00	
Whatcom County School.....	42	5	500 00	2,500 00	
Whatcom County School.....	70	4	250 00	1,000 00	
Whatcom County School.....	82	5	500 00	2,500 00	7,000 00
Yakima County School.....	14	3	500 00	1,500 00	
Yakima County School.....	82	2	450 00	900 00	
Yakima County School.....	84	3	500 00	1,500 00	
Yakima County School.....	85	4	300 00	1,200 00	5,100 00
Total.....					$73,500 00

List of escurities in hands of the State Treasurer belonging to State Agricultural College Permanent Fund at close of business May 14th, 1909:

	District No.	No. of Bonds.			
Asotin County School.....	1	3	@ $1,000 00	$3,000 00	
Asotin County School.....	15	5	1,000 00	5,000 00	$8,000 00
Blaine, City of.....		5	1,000 00		5,000 00
Chehalis County School.....	16	2	350 00	700 00	
Chehalis County School.....	102	5	500 00	2,500 00	3,200 00
Chelan County School.....	13	3	250 00	750 00	
Chelan County School.....	37	2	200 00	400 00	
Chelan County School.....	56	29	500 00	14,500 00	15,650 00
Clarke County School.....	53	6	500 00		3,000 00
Colville, Town of.....		12	500 00		6,000 00
Cowlitz County School.....	36	19	500 00		9,500 00
Douglas County School.....	152	4	300 00	1,200 00	
Douglas County School.....	159	2	325 00	650 00	
Douglas County School.....	172	5	400 00	2,000 00	
Douglas County School.....	180	2	500 00	1,000 00	4,850 00
Island County School.....	19	5	200 00		1,000 00
King County School.....	34	10	500 00	5,000 00	
King County School.....	52	5	200 00	1,000 00	
King County School.....	130	5	500 00	2,500 00	
King County School.....	138	3	500 00	1,500 00	
King County School.....	164	4	500 00	2,000 00	12,000 00

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	District No.	No. of Bonds.			
Kitsap County School.....	4	5 @	$500 00	$2,500 00	
Kitsap County School.....	51	2	250 00	500 00	$3,000 00
Lincoln County School.....	90	4	500 00		2,000 00
Skagit County School.....	26	11	500 00	5,500 00	
Skagit County School.....	32	4	500 00	2,000 00	
Skagit County School.....	36	5	500 00	2,500 00	10,000 00
Skamania County School.....	19	2	400 00		800 00
Spokane County School.....	161	2	350 00	700 00	
Spokane County School.....	162	15	500 00	7,500 00	
Spokane County School.....	162	1		400 00	8,600 00
Stevens County School.....	31	2	250 00		500 00
Thurston County School.....	20	6	200 00		1,200 00
Walla Walla County School...	9	5	500 00		2,500 00
Whatcom County School.....	17	6	500 00	3,000 00	
Whatcom County School.....	88	6	500 00	3,000 00	
Whatcom County School.....	91	5	200 00	1,000 00	
Whatcom County School.....	92	5	500 00	2,500 00	
Whatcom County School.....	92	1	200 00	200 00	9,700 00
Whitman County School.....	117	32	500 00	16,000 00	
Whitman County School.....	171	5	300 00	1,500 00	17,500 00
Yakima County School.....	32	10	500 00	5,000 00	
Yakima County School.....	34	5	500 00	2,500 00	7,500 00
Total.....					$131,500 00

List of securities in hands of the State Treasurer belonging to State Scientific School Permanent Fund at close of business May 14th, 1909:

	District No.	No. of Bonds.			
Asotin County School.....	25	9 @	$500 00	$4,500 00	$4,500 00
Blaine, City of.....		5	1,000 00		5,000 00
Chelan County School.....	44	5	500 00	2,500 00	
Chelan County School.....	44	1		100 00	2,600 00
Creston, Town of		65	100 00		6,500 00
Douglas County School.....	160	3	500 00	1,500 00	
Douglas County School.....	167	3	250 00	750 00	
Douglas County School.....	176	3	400 00	1,200 00	3,450 00
Franklin County School.....	18	3	250 00		750 00
Island County School.....	5	4	250 00		1,000 00
King County School.....	148	12	500 00	6,000 00	
King County School.....	152	8	400 00	1,200 00	7,200 00
Kitsap County School.....	18	4	250 00	1,000 00	
Kitsap County School.....	20	2	500 00	1,000 00	2,000 00
Lincoln County School.....	105	12	1,000 00	12,000 00	
Lincoln County School.....	147	5	200 00	1,000 00	13,000 00
Okanogan County School.....	52	2	275 00		550 00
Skamania County School.....	3	2	500 00		1,000 00
Spokane County School.....	35	12	500 00	6,000 00	
Spokane County School.....	53	4	500 00	2,000 00	8,000 00

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	District No.	No. of Bonds.			
Thurston County School.....	6	14 @	$500 00	$7,000 00	
Thurston County School.....	13	5	500 00	2,500 00	
Thurston County School.....	14	6	500 00	3,000 00	
Thurston County School.....	22	5	500 00	2,500 00	
Thurston County School.....	56	4	250 00	1,000 00	
Thurston County School.....	71	3	400 00	1,200 00	
Thurston County School.....	73	4	300 00	1,200 00	$18,400 00
Walla Walla County School...	5	12	1,000 00		12,00 000
Waterville, Town of		30	500 00		15,000 00
Whatcom County School.....	62	6	500 00		3,000 00
Whitman County School.....	82	26	500 00	13,000 00	
Whitman County School.....	108	7	500 00	3,500 00	
Whitman County School.....	133	3	400 00	1,200 00	
Whitman County School.....	169	4	300 00	1,200 00	18,900 00
Yakima County School.....	49	15	1,000 00		15,000 00
Total.....					$137,850 00

List of securities in hands of the State Treasurer belonging to State Charitable, Educational, Penal and Reformatory Institutions Permanent Fund at close of business May 14th, 1909:

	District No.	No. of Bonds.			
Auburn, Town of.....		28 @	$500 00		$14,000 00
Benton County School.....	7	10	500 00	$5,000 00	
Benton County School.....	31	4	250 00	1,000 00	
Benton County School.....	33	2	500 00	1,000 00	7,000 00
Chehalis County School.....	71	4	500 00		2,000 00
Douglas County School.....	7	3	500 00	1,500 00	
Douglas County School.....	7	1	200 00	200 00	
Douglas County School.....	121	4	500 00	2,000 00	
Douglas County School.....	178	2	500 00	1,000 00	
Douglas County School.....	186	4	250 00	1,000 00	
Douglas County School.....	191	3	500 00	1,500 00	7,200 00
Franklin County School.....	29	3	200 00	600 00	
Franklin County School.....	29	1		250 00	850 00
Island County School.....	20	2	500 00		1,000 00
King County School.....	1	20	1,000 00	20,000 00	
King County School.....	161	4	500 00	2,000 00	22,000 00
Kitsap County School.....	1	40	500 00		20,000 00
Klickitat County School.....	1	8	100 00		800 00
Lind, Town of.....		30	500 00		15,000 00
Lincoln County School.....	81	3	400 00		1,200 00
Pierce County School.....	42	10	500 00	5,000 00	
Pierce County School.....	98	6	100 00	600 00	
Pierce County School.....	104	5	100 00	500 00	
Pierce County School.....	106	10	100 00	1,000 00	7,100 00
Skagit County School.....	70	15	1,000 00	15,000 00	
Skagit County School.....	72	4	500 00	2,000 00	17,000 00

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	District No.	No. of Bonds.			
Snohomish County School.....	33	3 @	$400 00		$1,200 00
Walla Walla County School...	75	2	500 00		1,000 00
Whatcom County School.....	66	8	500 00	4,000 00	
Whatcom County School.....	77	8	250 00	2,000 00	6,000 00
Wilson Creek, Town of.....					7,000 00
Yakima County		50	1,000 00		50,000 00
Total.....					$180,350 00

List of securities in hands of the State Treasurer belonging to State University Permanent Fund at close of business May 14th, 1909:

	District No.	No. of Bonds.			
Chehalis County School.....	52	2 @	$350 00		$700 00
Douglas County School.....	190	4	250 00		1,000 00
Franklin County School.....	32	4	200 00		800 00
King County School.....	1	50	1,000 00		50,000 00
Kitsap County School.....	55	3	500 00	1,500 00	
Kitsap County School.....	55	1		200 00	1,700 00
Okanogan County School.....	9	2	200 00		400 00
Skamania County School.....	11	2	250 00		500 00
Total.....					$55,100 00

SCHEDULE "F"

RECAPITULATION.

Permanent Fund, General School.....	$5,468,490.00
Permanent Fund, State Normal Schools.....	73,500.00
Permanent Fund, State University.....	55,100.00
Permanent Fund, State Agricultural College.....	131,500.00
Permanent Fund, State Scientific School.....	187,850.00
Permanent Fund, State Charitable, Educational, Penal and Reformatory Institutions.....	180,350.00
Total	$6,041,790.00

SUPERINTENDENT OF PUBLIC INSTRUCTION.

The committee has carefully gone over the vouchers of the superintendent of public instruction for the past two years, and finds that they are regular as to form; that where sub-vouchers have been taken for traveling and other expenses they show economical management and a regard for the best interests of the state.

The superintendent was interrogated regarding the deficiency of about $300 provided for by the recent legislature, and from the statements made by him the committee finds that about $150

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of said deficiency was created by the purchase of postage stamps and other necessary expenses prior to the appropriation by the legislature for the deficiency, and the balance was to pay other like expenses during the interim between the passage of the appropriation and the end of the biennal period; that if the deficiency appropriation had not been made, the superintendent would personally have lost the $150 advanced by him, and the department would have been hampered for lack of funds during the remainder of the biennal period.

EASTERN WASHINGTON HOSPITAL FOR INSANE.

The committee, together with Senator R. A. Hutchinson, Architect John K. Dow and several contractors of Spokane, made an exhaustive examination of the new building at Medical Lake, erected during 1905-6, the condition of that building being the basis of charges made by Senator Hutchinson against the board of control.

The committee finds that the cement floors in all parts of the building are cracked and uneven; that in certain of the assembly rooms where the area is large, the center of the floors have settled from one to two inches. These floors are constructed of reinforced concrete, and the settling undoubtedly occurred during the process of building. Other minor defects and carelessness on the part of the contractor in finishing certain portions of the building were noted.

From the examination made, the committee believes that the building is entirely safe for occupancy; but the committee finds that in accepting the building and paying the full contract price the board of control did not exercise the regard for the interests of the state that men in their position should have done, and deserve censure for neglect of their duty as officials.

In connection with the above report, the committee submits the following letter from Mr. Dow, the architect for the board of control, and a copy of stenographic notes taken during the committee's inspection of the building:

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SPOKANE, WASH., June 12, 1909.

IN RE INVESTIGATION AT MEDICAL LAKE, WASHINGTON

SENATOR P. L. ALLEN, *117 Columbia St., Seattle, Wn.*

MY DEAR SENATOR:—I should like to have your committee submit the following letter as a part of their report in the investigation of the Medical Lake buildings. I consider the charge that the building was unsafe the most important of any, and for that reason wish this statement of our test of the floors to be included in the report.

On January 26th, 1909, Dr. Semple, the foreman of the building and myself tested the floors in the following manner: We placed a slender strip of wood between the second floor and the second floor ceiling, and another strip between the third floor and the third floor ceiling, and in the center of a panel that is in the day room on the third floor, and around this last strip on the third floor we placed a load of 4,740 lbs. This load covered an area of 11 square feet, making the load per square foot on the floor of 430 lbs., and this load did not seem to effect the floors in any way, except that the strip on the other floor became loose enough to move freely without touching the ceiling. The strip below the load did not indicate any change at all, and an additional load of 5,000 lbs. was placed on one of the girders and a load of 5,800 lbs. on another girder and in addition to the load on the girders and the load on the floor, we had twenty-five men standing on the floor near where the other load was applied and just in front of the load on the girders.

I am sending you this information so that you may see by actual tests that the floors are sufficient to carry at least twice the load which will ever be placed upon them, and even a greater load than they were designed to carry, which was 125 lbs. per square foot.

I wish to call your attention to the following: Your committee made notes of a number of small items such as "doors are rubbing on the floor," "small chips of loose plastering," "two pieces of footings that project inside of wall," "small piece of concrete out of opening in basement," "holes around radiators for steam pipes," etc., etc.

I think a fair estimate of the cost of patching up all these small items would be $25.00. So much for this part of the report.

Cement Floors. The building contains on the three floors about 18,000 square feet of cement finish; of this amount, 4,500 square feet, or less than one-third, is in bad condition. I refer to the large room on each floor called the day room, which is about 36x40 feet in dimension, and this bad condition is partially due to lack of care of the building after completion, and further this could be replaced with a cement finish and leveled up for not to exceed $275, and if the state wants a cement floor, I will agree to replace and refill up the floor with cement finish in that part of the building, a total of 4,500 square feet, for the above amount, $275. The other parts of the cement floors show no defects except cracks, which are bound to appear, and are due to expansion and contraction of cement in large superficial areas. The location of the building made it necessary in order to get a suitable foundation

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to carry some parts of the walls to a greater depth than shown on the plans, and the grade was changed and a small part of the foundation walls were made lower and some outside steps omitted and the other walls carried down to a greater depth. At that time a careful estimation was made of the work added and omitted, and there was a difference of about $100 in favor of the contractors, but no charge was made by them for this difference.

The building, as your committee must admit, has an excellent foundation, has good substantial walls, is well built and in good condition in every other respect; it is fireproof, and was built for a reasonable amount. The contract was let on competitive bids and the building was erected without extras, and, in view of the small amount, namely $300, to cover defects above referred to.

Very respectfully,

JOHN K. DOW.

CONDITION OF NEW WING AT THE EASTERN WASHINGTON HOSPITAL FOR THE INSANE, MEDICAL LAKE, WASHINGTON

Coming in west door, crack in floor in left hand corner; a piece about twelve inches long of floor gone; one crack running entirely across floor, with several cracks intersecting it; hallway ten feet by eleven feet; no baseboards around the wall; door only opened half way connecting with basement; water drains through walls and runs along center of building; east end floor cracked clear across, with several intersecting cracks; plaster dropped right off. Six inches or foot of water stood in this basement for a considerable period of time. First winter after building was completed there was eighteen inches of snow on roof. Building was not heated, and when the snow melted with a heavy rain it came down through the roof of the building. The crossbeam over the door sticks out over the door, and the brick and cement knocked out not repaired. No steps finished into the kitchen. Door swelled and cannot open it. The kitchen not in use. The sink in kitchen is supported by 2x6 feet wood frame. In the northeast corner of kitchen a footing projects out of the floor eight inches into the room, three feet long and ten inches high, and there are no baseboards around the brick in the floor in the kitchen. Coming up out of the basement on the second floor the plaster is cracked around the floor where it connects with the cement so you can stick your fingers into it. The concrete is broken where it connects with the steps in three places. The plaster is cracked in this room in two places half way

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around the room; walls left in a dirty and marred shape. Day room, first floor, a line was drawn exactly across thirteen feet from one crack to another which extended entirely across the room. There is a depression of one inch. Going out on the porch from the assembly room, the cement floor is cracked from wall to wall as you step out of door. There are three drains leading off from the porch and there is one-eighth inch of water standing on one end of the porch, about two and a half by two feet. The cement on the porch is cracked in several places. There is one of the concrete frames on the porch sticking through the concrete on the floor. The sag in the floor in the day room is 2 to 2½ inches. The water has been leaking through the porch. The plaster is cracked in two or three places and it has been affected by the water. Not finished over the top of the radiator in the assembly room, and a hole nine inches by two feet left when the connections were made with the steam radiator. Nearly all of the radiators in the same condition; the radiator one and a half to one-fourth inches from the floor. The cement in the floor in the assembly room is cracked in any number of places in all directions. Cracks over the girders. Plaster around the dust shoot is off and cracked. In the shower-bath room, finished with hard wall, it is coming off around the shower-baths. One of the shower-bath connections is leaking. The wall is soaked for a radius of eighteen inches, which has loosened the plaster. In the patients' rooms off from the assembly room the floor is cracked. One room, with nine cots in it, over the radiator, the work has not been completed. Radiator is three inches from the wall at top and five inches at the bottom; one of the legs stands off from the floor three-fourths of an inch. The ceiling is cracked in one of the corners, and in any number of places the plaster is off. On the ceiling of the patients' rooms the plaster is off in small places. Floors in all of the patients' rooms are cracked. This assembly floor and the adjoining rooms are now being used. Ward eight, on the second floor, is cracked clear across and in every direction. Plaster is starting to drop off in a few places on the ceiling. Large dormitory in ward 8—the whole floor is about one-fourth inch

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out of level. The two supports in this room are both twisted. There is a big patch in floor that has been repaired. Two inches of sag in center of room in day room of ward 8. Supports in general assembly room are out of plumb. New patch in center of room is cracked and plaster is dropping off from ceiling. Room is cracked clear across ceiling. The steam-heating apparatus has never been completed here. It is loose. The cement floors are cracked in a number of places. On the third floor in the general assembly room in thirteen feet there is a depression of about 1¾ inches. Floor is cracked in every direction and the cement is coming off; in one place there is three inches by one foot. The cement is loose and can be kicked out with your foot. The ceiling in this entire room is in very good shape; two inches sag, taken by a level, in a space of twelve feet; one-half inch depression from assembly room to other end of hall. Cement floor is cracked to a depth of one and a half to two inches. No hose on reel in the third floor, and floor not in use. Dr. Semple says fire apparatus is not what it ought to be, but he says fire hose has been ordered. This matter is now before the board of control. There is hose in all the wards that are used. This is supposed to be a fire-proof building. There doesn't seem to be any depression over any of the piers. Twenty-seven men, two and a half tons of brick, in a space of forty inches, and 10,000 pounds of bran and shorts on this floor. Selected panel that was claimed to be the weakest by Mr. Hutchinson and architect. Roof paint is coming off from ventilator, and contractor says it is a water paint. Tar paper is covered with granite. The paper is exposed and not covered with granite in a great number of places. The winter after the building had been accepted the snow remained on the roof.

The committee spent several hours in an inspection of the other hospital buildings and the farm, in charge of Dr. Semple, as superintendent, and found that excellent discipline is maintained among the employes and inmates; that the buildings and surroundings are kept scrupulously clean and sanitary, the farm in a high state of cultivation, and the live stock in splendid condition.

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The committee also examined the business methods and system of accounting employed at the hospital, and finds that all large items of supplies and materials are purchased by the board of control, the superintendent making only small purchases of perishable articles and emergency supplies.

From the examination and inspection made by the committee, we believe the institution to be in very competent hands.

The committee made an especially careful examination of the north wing of the main building, which was erected about 1898, and found the walls badly cracked, and that only a complete survey by competent builders could determine whether or not said wing is safe for occupancy. The committee therefore recommends that such board of survey be immediately employed to inspect said wing and make a detailed report of the condition.

The committee finds that the fire escapes on all buildings at Medical Lake are entirely inadequate, and a fire in any one of these buildings must necessarily result in great loss of life. We believe it would be criminal for the state not to immediately provide suitable fire escapes on all these buildings.

SCHOOL FOR DEFECTIVE YOUTH.

The committee was shown through this building by Superintendent Woodruff.

The class of inmates in this institution is the most helpless of all the wards of the state, and particular methods are necessary for their teaching and welfare. They should have plenty of room, both in and out of doors, neither of which are provided in the present location. The building was intended to house one hundred and twenty inmates, while the present population is one hundred and sixty. The grounds consist of twenty acres, being a part of the Eastern Washington Hospital site. The recent legislature appropriated money for the purchase of adjoining land and the erection of a new building. The owners of the land have refused to sell at the price agreed upon at the time the appropriation was made, and the committee considers that it is absolutely necessary that immediate steps be taken to

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secure more ground and more commodious quarters, even if it is necessary to remove the institution to some other part of the state.

STATE PENITENTIARY.

The committee spent two days in examining the penitentiary at Walla Walla, conducted by Superintendent Charles S. Reed.

The committee found on such examination that the best of order and discipline is maintained; that the sanitary conditions are of the best; that, with a population of over eleven hundred, only thirteen were in the hospital, three of these being afflicted with tuberculosis, and the others being old men whose age is largely responsible for the need of the care of a physician.

The committee was specially pleased at the showing made of work done by convicts, the present superintendent having completed the new administration building, erected a new brick smokestack about one hundred and twenty feet high, and is now engaged in the construction of a brick and steel, practically fireproof jute mill and a new brick stockade wall, all of the labor on which has been done by convicts under the supervision of one civilian.

The farm work, milking, gardening, cooking, waiting on table—in fact, most of the work of all kinds—is done by convicts, thus giving employment to the inmates and making a saving to the state.

The method of handling the prisoners is of the approved humane type, and Superintendent Reed is to be congratulated on the results obtained since his incumbency.

The committee believes that more land is needed by the institution in order that more prisoners may be put at work, and the cost of maintenance reduced by raising potatoes, vegetables, etc., in the state's land.

The committee recommends that a representative of the state should contract direct with the handlers of jute in the ports of India, in order that the profits of the middlemen, through whom the jute is now purchased may be saved to the state.

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WASHINGTON STATE COLLEGE.

The committee visited the Washington State College, and after interrogating the president and members of the faculty (a stenographic report of which was taken), and making a hurried examination of the various fund accounts, are of the opinion that it will be necessary for a further exhaustive examination to be had before a report can be made.

WASHINGTON STATE FAIR.

The committee would report that we visited the office of the Washington State Fair, at North Yakima, on Monday, June 14, 1909, and also visited the fair grounds.

The books and records have not been kept in the most approved manner, and we were not able in the limited time at our disposal to make an exhaustive examination. We took a memorandum of moneys disbursed during the last biennium, as shown by vouchers in the hands of the treasurer; also a memorandum of moneys received and deposited as shown by bank book and deposit slips. We did not have the time to prove figures or check up accounts as they should be checked, and from the totals of receipts and disbursements as shown by memoranda in our possession we are satisfied that a further investigation is advisable.

We find that the state is the owner in fee simple of one hundred and twenty acres, more or less, of valuable land adjoining the city of North Yakima, on which the fair buildings, race course, etc., are located. The buildings are worth in the neighborhood of twenty thousand dollars, and the land can all, or nearly all, be irrigated—in fact, is now under irrigation ditches, with an abundant supply of water.

Our criticism of the management is that the books and records are not kept in such a manner that they readily show how much

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and from what source moneys are received, and to whom and for what purpose they are paid out. Our further criticism is that the management is too expensive for an institution of no greater magnitude. We are of the opinion that a state fair which will be a credit to our state cannot be maintained for some years to come without a very liberal appropriation at each session of the legislature, both for maintenance and permanent buildings.

We herewith attach memorandum of receipts and disbursements for the biennium 1907-1908.

MEMORANDUM OF RECEIPTS OF WASHINGTON STATE FAIR, BIENNIUM 1907-1908.

Race entries	$ 4,637.65
Other entries	2,194.28
Gate receipts	18,297.00
Grand stand	6,570.90
Betting ring and saloon	2,960.00
Pool room	100.00
Subscriptions	1,602.50
Mchts. race	400.00
Tickets	294.00
Concessions	5,765.65
Pasture rent	521.40
Stall rent	99.70
Ground rent	70.65
Rent on Fourth of July	214.75
Hay sold	433.78
Wood sold	89.00
Track hire	1.00
Refund Ins. Com.	61.15
Refund S. J. C.	29.65
Borrowed money	1,050.00
Camp privilege	15.00
Manure sold	35.50
J. & L.	74.00
Freight	271.92
Refund stake dep.	247.50
State warrants	15,219.67
	$61,256.65

MEMORANDUM OF DISBURSEMENTS OF WASHINGTON STATE FAIR, BIENNIUM 1907-1908.

Races	$17,213 51
Superintendent of grounds and staff	6,136 51
Secretary	1,930 50
Office help	285 55
Marshals, ticket sellers, gate keepers, judges, etc.	3,352 85
Office rent	375 00
Postage	324 00
Printing and stationery	1,195 97
Advertising	1,681 85
Water rent (irrigation)	112 50
Music	1,445 44
Blacksmith works	126 63
Paints, etc.	38 72

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Hardware and implements	$605 39
Lumber	1,398 76
Corbett & Raymond, including bill of Cascade Lumber Co.	719 25
Telephone and telegraph	137 75
Express and freight	909 70
Traveling expense	403 42
Livery and boarding	24 50
Photos and cuts	10 10
Janitor work	18 55
Refunds	257 15
Publicity	207 05
Insurance and indemnity bonds	978 50
115 loads of straw	446 75
Chicken feed	26 49
Paper plates for horticulture department	9 00
Premium ribbons	170 64
Loans paid, $900.00; interest, $172.91	1,072 91
Ice for dairy department	20 55
Electric supplies and light	406 20
Entertainment, "Vesuvius"	3,492 45
Grand stand	285 34
Furniture	25 75
Balloon ascension	125 00
Indian races	306 00
Indian dance	50 00
Yakima Valley Band, overdraft 1906	7 05
Tent	75 00
Line shafting	71 43
Salt	2 25
Rubber mitts	2 50
40 hop poles	10 00
Fireworks	500 00
H. Lange & Co. (not stated what for)	25 00
Making sleeve numbers and straps	3 75
Washington saddle cloths	3 00
Rent of chairs for orchestra	24 00
Material, labor, etc., S. J. Cameron	227 20
Proceeds from sale of butter, paid to owners	180 48
Decorating	417 21
Total	$47,875 10

Premiums, stock (not stated what kind)	$8,067 40
Premiums, horse	1,024 00
Premiums, cattle	1,697 60
Premiums, swine	333 10
Premiums, sheep	814 00
Premiums, poultry	1,627 00
Premiums, apiary and honey	294 40
Premiums, fruit	2,609 70
Premiums, vegetables	659 40
Premiums, barley	75 00
Premiums, hops	50 00
Premiums, art and flowers	1,009 45
Premiums, unclassified	571 50
Premiums, stock judging contest	100 00
Premiums, culinary	165 40
Total	$19,542 45

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STATE AUDITOR.

The committee spent two days in the state auditor's office, and from what we learned we are satisfied that the time and means at our disposal are entirely inadequate to make a complete and intelligent report. The committee, however, is of the opinion that a full investigation should be made.

EXPENSES INCURRED BY LEGISLATIVE INVESTIGATING COMMITTEE UP TO JUNE 19, 1909.

Paid per diem of members of committee, 191 days at $5.00	$955 00	
Paid traveling and hotel expenses of committee	850 96	$1,805 96
Paid for clerical and stenographic services		833 00
Paid for witness fees and expenses		297 51
Expenses of Asst. Atty. Gen'l and miscellaneous expenses		195 48
Total		$3,131 95

Respectfully submitted,

PLINY L. ALLEN, *Chairman.*
H. O. FISHBACK.
J. C. HUBBELL.
HOWARD TAYLOR.
W. C. MCMASTER.

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